

SENATE BUDGET COMMITTEE

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Democrats' Budget Plan Would Strengthen America and Safeguard Our Future

Summary

The Senate Democratic budget resolution for fiscal year 2003 faces up to the challenges of strengthening America and safeguarding our future.

- *Strengthening homeland security.* The plan provides all of the resources requested by the President for homeland security.
- *Building our national defense.* The plan ensures that all resources requested by the President for the Department of Defense for the next decade are available. It fully funds the President's defense request for 2003 and 2004, and provides a defense reserve fund for further increases in defense funding if more money is needed in 2005 through 2012.
- *More Debt Reduction.* The plan pays down some \$500 billion more debt than the President's budget if the defense reserve fund is not needed. Even if all of the defense reserve fund is used, the Democrats' plan still pays down more than \$230 billion more debt than the President's budget.
- *Protecting Social Security.* Unlike the President's budget, which never achieves balance without using the Social Security trust funds, the plan includes a 'circuit breaker' to protect Social Security and put the nation back on a path to balance without Social Security by 2008.
- *No tax increases or delay in scheduled cuts.* The plan maintains fiscal responsibility without raising taxes or delaying tax cuts already scheduled.
- *Investing in America.* The plan responds to the very serious challenges that existed before the September 11 terrorist attacks.
 - It improves education, including \$5.4 billion more for education than the President proposes and fully funds IDEA.
 - It provides \$500 billion for a meaningful prescription drug benefit, Medicare modernization and expanded health care – nearly two times what the President proposes.
 - It restores cuts to the COPS program, providing \$3.5 billion for COPS and state and local law enforcement grants.
 - It strengthens our transportation infrastructure, including \$5.7 billion more for highways than the President proposes.

A Legacy of Squandered Opportunities

- A year ago, we as a nation had a golden opportunity to address the most important challenges facing the country at the time.
- With large projected total budget surpluses and an economy that was still in the longest economic expansion on record, we had the opportunity to meet important education and health priorities and provide tax relief for American families, while continuing to pay down debt and prepare properly for the retirement of the baby boom generation.
- Unfortunately, that opportunity was squandered with an imprudent tax cut. The budget last year failed to address most of the challenges we faced then, and now we face the additional challenges of fighting terrorism and strengthening homeland security.
- The expected revival of economic growth will not repair the damage done by last year's tax cut. Based on the Congressional Budget Office's latest figures, which assume the recession is over, the tax cut -- not changed economic assumptions or more spending -- is the main reason for the deterioration in the budget outlook since January 2001.
- The President's budget proposal for fiscal year 2003 fails to recognize the fiscal quagmire created by last year's budget. While it correctly focuses on the new challenges presented by the events of September 11, it ignores the challenges that were already present before the terrorist attacks on this country.
- The Democratic plan recognizes that last year's missed opportunity makes it all the more important to face up to *all* the challenges facing the country and propose ways to get the country moving in the right direction again.

Building Our National Defense and Strengthening Homeland Security

- The plan fully funds the President's homeland security request of \$37.7 billion, of which \$7.8 billion is for the Department of Defense.
- The Democratic plan ensures that all of the resources requested by the President for the Department of Defense for the next decade are available. It fully funds the President's defense request for 2003 and 2004.
- The plan provides a defense reserve fund to allow for additional increases in defense funding if more money is needed in years 2005 through 2012. If the money is not needed, the money in the reserve fund will be used for debt reduction.

Preserving Fiscal Discipline and Preparing for the Future

- The Democratic plan pays down more debt than the President would, reducing it as much as possible given the other high priority needs of the nation. If the amounts in the defense reserve fund are not needed to meet unanticipated demands in the defense area, the plan would pay down \$502 billion more in debt than the President's budget. Even if all the war reserve fund is used, the Democrats' plan still pays down \$233 billion more debt than the President's budget.
- Unlike the President's budget, the Democratic budget has a clear plan for restoring fiscal discipline, paying down the public debt, and returning the budget to balance without using Social Security trust fund surpluses.
- The plan provides that if CBO projects a deficit (requiring the use of Social Security funds to pay for other expenses of government) for the coming year or any subsequent year covered by its projections, then the budget resolution for that year must reduce the deficits and put the budget on a path to achieve balance without relying on Social Security funds. Otherwise it would be subject to a point of order in the Senate.
- The plan's 'circuit breaker' will enable Congress to protect Social Security by achieving a true balanced budget without using Social Security money by 2008. The President has no plan to achieve balance and relies on Social Security money to pay for his tax cut and other expenses of government.
- With the first of the baby boomers set to retire in six years, the Democratic plan provides greater protection for the Social Security trust funds over the next decade than the President's budget does, reserving \$502 billion more of the trust fund for debt reduction than the President proposes.

Investing in America

- The Democratic plan provides resources for crucial investments to meet high priority needs and help prepare the nation for the daunting challenges we will face in coming years. It provides more funding than the President does in a number of key areas.
- *Education.* The plan provides a \$6.8 billion increase in budget authority over the 2002 program level for discretionary education programs and Individuals with Disabilities Act (IDEA) funding, compared with the \$1.4 billion increase requested by the President.
 - The \$2.5 billion increase in budget authority over the 2002 program level for elementary and secondary education in the No Child Left Behind Act is \$2.6 billion more than the President's request.
 - The plan proposes new mandatory budget authority increases in each year of \$2.5 billion over the previous year for the Individuals with Disabilities Act (IDEA) until full funding (including both mandatory and discretionary) is reached. For 2003, the President proposed a \$1 billion increase for IDEA.

- The \$1.8 billion increase in other education programs is \$1.3 billion more than the President's request. This includes an increase of \$900 million over the President's request for high priority programs such as the Pell Grant program. It specifically rejects the President's requested cuts of \$400 million.
- In addition, the Department of Health and Human Services' Head Start program would receive an increase of \$400 million under the Democratic plan, \$270 million more than the President's budget.
- *Prescription drugs.* The plan includes \$500 billion in a health reserve fund to be used for providing a prescription drug benefit, expanding health insurance coverage, and Medicare modernization. This represents \$242 billion more than the President's budget would allocate for the same purposes. The plan provides that additional resources for a prescription drug benefit or health insurance coverage – beyond the amounts contained in the health reserve fund – can be made available if the additional funding is offset.
- *Local law enforcement.* The plan fully funds the President's \$8.8 billion request for border security, but it does not accept the President's cuts to state and local law enforcement grants programs.
 - Funding for the Community Oriented Policing Services (COPS) grant program and other state and local law enforcement grants are \$1.4 billion higher than the President has requested.
 - This funding will protect the COPS in schools grants, the universal hiring program, and law enforcement technology grants.
 - The plan also restores funding to the Byrne Grant program, the State Criminal Alien Assistance program, and the local law enforcement block grant program.
- *Transportation infrastructure.* The plan provides additional resources for transportation infrastructure over the President's request.
 - It rejects the President's original request to cut the Federal-Aid Highway Program (FAHP) by \$8.6 billion, a 27 percent cut. Instead, the plan provides \$28.9 billion for FAHP, \$5.7 billion above the President's request.
 - The plan rejects the President's proposal to cut Amtrak funding to \$521 million in 2003. Instead, the plan provides \$1.2 billion for Amtrak, \$679 million above the President's request.
 - The plan includes additional funding above guaranteed levels for transit capital grants through the Federal Transit Administration (FTA).
 - The plan increases funding above the President's request for the Federal Aviation Administration (FAA) in order to meet critical construction needs.

- *Veterans' health.* The plan increases the Department of Veterans' Affairs (VA) medical care appropriation by \$2.6 billion above its 2002 level. This is \$1.2 billion higher than the President's request. The additional amount would provide full funding for the Veterans' Health Administration to ensure access to quality health care for all veterans.
- *Job Training.* The plan includes more than \$800 million to restore the cuts proposed by the President in the Department of Labor's job training and employment services programs, including assistance for low-income and disadvantaged youth and adults, displaced workers, and community services for older Americans. It also provides a \$73 million increase over the 2002 level for the Job Corps program as requested by the President.
- *Environmental protection.* The plan continues a strong investment in clean air, clean water, effective enforcement of our environmental laws, stewardship of our public lands and wildlife, and agricultural conservation.
 - It rejects the President's request for \$2.4 billion in cuts below 2003 baseline levels in environmental and natural resource programs.
 - It provides the full \$1.9 billion funding of the Land, Conservation, Preservation, and Infrastructure Improvement Program (LCPIIP).
 - It takes steps to help rebuild effective federal enforcement of existing environmental laws, rather than accepting the President's proposal for further reductions in funding.
 - It rejects the President's hidden cuts in Superfund, adding \$113 million to the President's request to help support prompt cleanup of the nation's worst hazardous waste sites. It also supports the administration's \$200 million request for the Brownfields program.
 - The plan funds the Army Corps of Engineers at \$5 billion, provides at least \$888 million for the Bureau of Reclamation, and fully funds the Clean Water Revolving Fund within the Environmental Protection Agency (EPA).
 - The plan does not assume any future receipts from the leasing of oil and gas drilling rights in the Arctic National Wildlife Reserve.
- *Research and technology development.*
 - It provides \$5.2 billion for the National Science Foundation (NSF), an increase of \$261 million over the President's request, to bolster support for scientific research, which is the driving force behind the technological innovations that spur economic growth and improve the quality of life.
 - It assumes enactment of the Energy Policy Act of 2002, including \$400 million above the President's proposed budget for energy research and development, including energy efficiency and renewable energy activities.

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